

Theme Overview: China as the Leading U.S. Agricultural Export Market

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China is the largest agricultural export destination country for the United States, receiving 18% of total agricultural export value in 2013. The Chinese agricultural importing market is broad, extending from bio and ag-inputs such as seeds, farm chemicals, animal genes, and veterinary supplies, all the way to ready-to-eat (or drink) food in the retail or food sectors, with the majority being crop commodities. The market is also rather complicated—with trade barriers, strong domestic production supported by the Chinese government, fierce competition within the processing industry causing food safety fears, and consumers' concerns regarding biotechnology caused by confusing and incomplete information. Amid these complexities, the articles in this theme will address the Chinese food market with an emphasis on the U.S. trade perspective. Taken together, the articles will provide information, knowledge, and outlook for stakeholders to vision the roles each can play in domestic and the world markets.

China remains the world's fastest growing large economy, even with its annual gross domestic product (GDP) growth rate dropping to 7.5% from the double digit number it had half a decade ago. The 1.36 billion people's growing appetite for food from animal proteins supported by their increasing income provides an ample demand for grains, livestock, and other food stuff. China's newly much relaxed "one-child policy" will soon bring millions of additional people to its population. With the limitation on the quantity and quality of its land, soil, and water resources, such a demand will have to be satisfied by a strong domestic production and supplemented by imports from the world market, a good opportunity for the U.S. agricultural sector.

Articles in this Theme:

Will China Import More Corn?

Bryan Lohmar

Emerging Markets for U.S. Meat and Poultry In China

David. L. Ortega, H. Holly Wang, and Maolong Chen

China's Evolving Trade and Domestic Support Policy

Fred Gale

Get Ready for Chinese Overseas Investment in Agriculture

Elizabeth Gooch and Fred Gale

Three new issues emerged recently in the Chinese agricultural sector that affect its performance in the global market. First, the Chinese government has increased its support over time to the agricultural production sector. Second, Chinese companies have started to acquire agricultural assets overseas, including farmland, bulk commodity storage and transportation facilities such as railroads or ports, and meat processing firms. Third, Chinese consumers are very concerned about food safety scandals that are repeatedly reported in their meat, poultry, dairy, and other animal protein products. As described in this theme, their combined effect on trade is mixed.

The first paper, by Bryan Lohmar, discusses the perspective of China's corn import. China has dominated the world soybeans import, and most of it is from the United States to feed its livestock industry. More corn, or other

energy grains, are needed to balance its feed and improve the efficiency of its livestock industry. Lohmar explores whether China will be able to produce more energy grains itself, discover new exporting sources from the world, or import more from the United States.

The second paper, by David L. Ortega, H. Holly Wang and Maolong Chen, discusses the market potential for U.S. meat in China. The authors base their analysis on their previous studies of Chinese preferences for pork, beef, dairy, and poultry for food safety and quality attributes, in the presence of biological based trade barriers.

The third paper by Fred Gale considers the trade barriers. The Chinese government strongly influences, if not controls, its food import in quantity, variety, timing, as well as the importers. This article calls for a closer observation of China's changing importing behavior, instead of basing expectations solely on past trading patterns.

In the final article Elizabeth Gooch and Fred Gale draws our attention to a new phenomenon—China's worldwide investment in agricultural resources in production, processing, and logistic and marketing channels. The authors consider the potential impacts that these investments will have on China's agricultural commodity import pattern.

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